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Head, Walter William

"Yesterday -- today -- tomorrow"

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"YESTERDAY—TODAY—TOMORROW"

By WALTER W. HEAD

President, Foreman-State National Bank,
President, Foreman-State Trust and Savings Bank,
CHICAGO, ILL.

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Box 286

ADDRESS DELIVERED AT ANNUAL CONVENTION OF
ILLINOIS BANKERS ASSN., PEORIA, ILLINOIS
JUNE 24, 1930

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"YESTERDAY—TODAY—TOMORROW"

By WALTER W. HEAD

President, Foreman-State National Bank,

President, Foreman-State Trust and Savings Bank,

CHICAGO, ILL.

We have formed the habit of thinking of this Twentieth century era— *our* era—as the period of a "Changing World." We boast or we lament—depending upon our point of view—over the extent to which we have left behind us or are drifting from "the good old days."

Indeed, it *is* a changing world. Yet there is nothing new in change. It has always been a changing world, a world of transformation from day to day, from year to year, from generation to generation. The only new feature about modern progress is its rapidity. The novelty is not that the world moves, but that it moves so fast.

Yet I doubt if progress—the sum total of vital political, economic and social forces—has been accelerated disproportionately to our civilization's capacity for it. Its greatest handicap always has been the inability of the man of genius to impress his thought upon the minds of the people—his inability either to present his theories and plans, or to convert others to belief in their merits. Progress has been accelerated as new methods of communication have made it possible for one individual to attract the prompt attention of increasing numbers of his fellows, and as universal education has opened their minds to fair and intelligent consideration of new ideas.

Like the modern eight-cylinder automobile, the modern world is capable of greater speed than its one-cylinder predecessor. Yet the modern high-speed automobile is an infinitely safer vehicle—for both occupants and pedestrians—than its imperfect prototype. To be safer, it must be stronger, and the mechanism which endures the strain must be better designed. I submit to you that the structure of present day civilization is capable of enduring safely strains which a few short years ago would have resulted in disaster.

I repeat: The greatest handicap to progress has always been Man's inability, in a progressively lessened degree, to communicate with his fellows and to stir their minds to a realization of the merit of new ideas. Picture in your own minds the condition of the earliest man: naked, without knowledge of fire; houseless, without tools

and weapons; without even articulate speech. Consider for a moment the tremendous task of the "reformer" who endeavored to popularize the chipping of flint into rude weapons, the grinding of stones into useful tools. Consider the terrific obstacles which beset the man or men who first sought to apply the heat of fire to the cooking of food, to the making of pottery, to the smelting of metals. Undoubtedly in that early day such men were looked upon as "dreamers", as "reformers", as "dangerous men".

By our standards the world was still a primitive place when Christ walked in Galilee. Yet what progress had been wrought in the centuries before His birth! Man had acquired not only a spoken but a written language. A great agricultural state had been created in the valley of the Nile. Other great civilized states dotted the map from western Europe to the Far East. Trade had been developed between these scattered communities. Wars had been fought, kings established and kings dethroned. All of this constituted progress and—in the minds of the people of that day—undoubtedly it was considered fairly rapid progress.

Written history records the manner in which the people of the Fifteenth Century marvelled at the efforts of Columbus to sail around the world—marvelled somewhat, but more generally scoffed and derided. Columbus was progressing too rapidly. Yet his experiment resulted in the discovery of America.

"The great economic feature was the growth of the cities." That is not a quotation from the United States census of 1930. It is quoted from a history of the Middle Ages, and refers to the developments of the latter part of the Fifteenth century.

Man's progress has been neither continuous nor consistent. Civilization has advanced and declined; has advanced again under some new inspiration, perhaps among some other people, and there again declined. China possessed a civilization which was old when that of Rome was young, yet the civilization of China was stricken by a palsy which stayed its progress while that of Western Europe flowered into the triumph of our modern day. Handicapped from time to time by the decadence of a nation, beset though it was by the ravages of war or pestilence, yet the civilization of Western Europe steadily and repeatedly scaled new heights of achievement. It spread to America and throughout the world—discarded that which was Error, preserved that which was Truth, marched ever onward and upward until each setting sun marked a day of new achievement.

We live in comfort and in comparative luxury today because of the accomplishments and achievements of our ancestors—because,

somewhere, sometime, some individual or group of individuals has been unwilling to "let well enough alone", instead has struggled successfully against ignorance, against misunderstanding, against blind and stubborn adherence to "things as they are".

Our twentieth century political structure is a product of evolution so radical and rapid that, in many cases, progress has been achieved only by revolution. Our economic methods and industrial processes today embody practices which were denounced and generally believed to be "unsound" only a generation ago. Our social life is in the midst of a period of transition, the signficance of which we today can hardly fathom, but which, in all probability, will in due time prove to be but another step in the long advance toward a more satisfactory relationship of man to man.

The finest flower of our modern civilization has unfolded itself in our own United States of America. Here, under the first government established "of the people, by the people, for the people," was erected a nation which cherished and protected individual freedom to the point of exaltation. Though we are a Christian nation, we force our religious belief upon no man. Though we believe in economic co-operation, we nevertheless maintain the right of every man to economic independence. Admitting that inequalities are inherent in the human race, nevertheless we insist that no man shall be handicapped by any inequality save that imposed by his own inability or his own unwillingness to take advantage of opportunity which we strive always to keep equal for all men.

In America today we find the most complete development of a civilization which has been untold centuries in the making. We have freed the individual, and yet we have laid down before him all of the fruits of the combined effort of all of the men of all past ages. We set this store before him and we say to him: "Take what you will and make of it what you will." Through our system of universal education, we bring to each individual the knowledge of science and the arts which has been accumulated since time began. In our public and in our private schools we make available to each boy and to each girl, to each young man and to each young woman, the wisdom of Socrates and Plato, the researches of Copernicus and Newton, the inspiring idealistic influence of St. Augustine, St. Francis, Martin Luther, John Wesley, John Calvin. At their feet we lay the accumulated store of the study and teachings of these men and of all of the thousands of others who have toiled for the advancement of mankind since history began. Where others have finished, we today have the privilege of beginning.

Great and rapid though the world's advancement from its primi-

tive beginnings to modern times, our own day witnesses a tremendous speeding up of the process. Yesterday's wonder is today's commonplace; the impossible of today is the everyday accomplishment of tomorrow. Especially is this a time of change for the average man. As Mark Sullivan expressed it in "Our Times", a review of the first quarter of the Twentieth Century:

> "As democracy in America has expressed itself, the period 1900-1925 is unparalleled in the importance of the role played by the average man. He was the principal spectator; indeed, he was the whole audience. He not only watched the performance, but largely determined the actions of those who from time to time were upon the stage, regulated the length of their tenure in the spot-light, retired them to the wings or summoned them back. It was his will or his whim, his applause, his disapproval or his indifference, that dictated the entrances and exits. He himself was one of the performers—was in fact the principal performer in a more fundamental sense and more continuously than any of the actors, for the drama consisted essentially of the reactions of the average man to the actors and of the actors to him. This average man, this audience, was also in a true sense the author and the stage-manager. In short, he was, as he himself would express it, 'pretty near the whole show'."

It is this average man whom we, as bankers, serve, upon whom we depend for our income, whose desire and need we must satisfy. Our prosperity has been measured by our success in providing for his financial requirements. From time to time, as he has complained, we have modified our methods or remodeled the mechanism of finance. So shall we do in the future, endeavoring at all times to keep pace with his advancement in business and commerce, in industry, in investment.

The dominant part played by the average man in these changing times was the result of a long period of gradual emancipation and evolution, not only in the history of our own United States, but in that of other nations and of other peoples in whose culture our own civilization had its roots.

We enjoy today political freedom, not alone the result of our own effort and sacrifice, but because of the dogged courage of a Cromwell, the genius of a Mirabeau, the devoted patriotism of a Washington. Rights granted by a monarch in Magna Charta were confirmed and extended by the American Revolution which transferred sovereign authority from the King to the subject peoples. Little by little the rights of popular sovereignty were extended to include Americans of all classes, of every race, of all religious beliefs. The Civil War obliterated the color barrier. Fifty years later, a bloodless revolution gave women the ballot. Today we have universal political franchise in the United States, with every man and every woman empowered to participate in modeling his and her government into what he or she would have it be.

Coincident with this achievement of political freedom we also have achieved economic freedom. Man has overcome economic barriers and removed economic handicaps, some of which—and these the strongest and most unyielding of all—were bound about him by the cruel necessity of productive processes and methods which required a maximum of toil for a minimum of result. It has been comparatively but a short time since bond-servants were as essential to the trades-people of the North as were negro slaves to the plantation owners of the South. It is almost within the memory of living men when man's ambition was limited by the social and economic status of the family into which he was born. Laws shackled the bondsman and the slave; custom shackled with equal security the man born to the so-called lowly fields of endeavor. Both law and custom were gradually pushed aside by the advancement of enlightened civilization. But an even greater economic emancipation has been wrought by the use of labor-saving machinery, by the development of new processes of manufacture, by the discovery of new methods of production. The power loom transformed the textile industries; the cotton gin performed an equal service. More recently, electric power, transmitted over long distances, has revolutionized manufacturing processes. The reaper, the combine and other modern farm machinery have relieved farm labor; a myriad of automatic machines—of which the linotype is an outstanding example—have transformed shops and factories not only in America but throughout the world.

As the result of political and economic independence, we enjoy a degree of social freedom which has come upon us so suddenly that we still are startled by the adjustments which must necessarily yet be made. Widespread political suffrage, coupled with increasing economic independence, has had as its offspring almost universal primary education and an amazing extension of what we are pleased to term "higher education". The son and daughter of the artisan and mechanic, of the farmer and the laborer, receive today an education far better—both actually and comparatively—than that enjoyed by princes and princesses only a few generations ago. Travel has now been made both cheap and comfortable; a trip to Europe no longer furnishes conversation for a lifetime; automobile tourists, by the millions, view the grandeur and beauty of our land with maximum satisfaction and minimum expense. Vacations are now a general custom instead of a luxury; sports are the joy of the multitudes rather than a recreation of the idle rich alone; music and art are fostered by municipalities and enjoyed with understanding by the masses instead of being reserved for the few who could

afford them as an extraordinary pleasure. Labor saved by mechanical aids has made possible the eight hour day and, in some cases, the five day week; the resulting leisure has made it possible for the average man of our day to become indeed, a social being instead of an economic machine. These things measure the great progress which has been achieved—achievements which should, and which do, make the world a better place in which to live.

It is this constant advancement—it is this constant progress toward greater freedom—which has made our country prosperous, which has made our people happy. Each new step toward political and economic freedom has given the average man greater opportunity and has aroused within him greater ambition. Each release from social restraint has given him a wider range of pleasure, has permitted him to enjoy a broader experience in life.

What you may ask, has all this to do with American business, specifically with the business of banking in America? It has, indeed, everything to do with American business and—because banking is primarily a mechanism functioning for business—it has everything to do with banking.

If business men today were to return to the business methods of twenty-five years ago, the result would be disastrous. Every type of business, every form of business activity, has been affected by the evolutionary changes which have been brought about in men's relationships with each other. The present day independence of the average man, which I have emphasized, has altered the whole structure of American business. With but few exceptions, our markets today are buyers' markets. We hold the attention of the prospective purchaser by every means at our command and with every method which man can devise. The purchaser of today has vastly different ideas than the buyer of twenty-five years ago. He has more money to spend. He has more time in which to enjoy what he buys with it. He has new desires to satisfy. He seeks new pleasures. His whole horizon has been broadened and extended. Formerly he found employment, pleasure and recreation in the smithy's shop "under the spreading chestnut tree". Today he finds employment, but little pleasure or recreation, in operating an automatic machine in some great factory. The task is monotonous. He therefore seeks relaxation by a definite program of recreation and of pleasure-seeking after working hours. And—most important of all—the increased productivity of each individual worker gives him the money to purchase and the time to enjoy the comforts and luxuries which he desires.

These changes in business methods and in the business man's conception of what constitutes real business achievement have resulted in a tremendous increase of business activity. They have resulted in the formation of gigantic corporations—a score or more with resources in excess of a billion dollars each. For instance, there are several American banks which extend their influence throughout the world. In 1900 the largest bank in the United States had capital of only ten million dollars and resources of one hundred fifty-five million dollars; today our largest bank has invested capital, including its affiliate, of about four hundred eighty millions, and total resources (not including its affiliate) in excess of two billions five hundred millions. The largest life insurance company in 1899 had assets of three hundred and one million dollars; today the largest life insurance company has assets exceeding three billion dollars. Our largest railroad system, in its latest available report, shows consolidated assets of more than two billion two hundred million dollars. None of these tremendous accumulations of capital was considered within the realm of reasonable possibility thirty years ago; today they are accepted as commonplace.

There are chain stores with hundreds—even thousands—of branches. Originally this expansion was limited to groceries and later to other lines of business which operated through relatively small units. More recently, this method of organization has been extended to other lines—in fact to almost every line. One national organization has made progress in its announced intention to place a department store in every city in the United States which has a population of over 5,000. So widespread have become the activities of chain stores in the retail field that sales by them constitute one of the most reliable barometers of national business conditions; so great has been their influence that independent tradesmen have been stirred to tremendous activity to check their progress.

It is only a century since the railroad began to replace the stage coach as the principal vehicle of transportation. It is less than a dozen years ago since the railroads began to feel seriously the loss of passenger traffic to the automobile; and it is a still shorter period of time since they have suffered from the loss of revenue due to the transportation of tremendous quantities of freight by motor-truck and of tremendous numbers of people by motor-bus. Within recent months, passenger travel by airplane has become, on regular routes and schedules, almost as cheap as first-class passage by train.

This is the country in which we live—our country—with all its complexities of organization, with all of its wonderful productive efficiency, with all of its incomparable freedom and opportunity for

individual citizens—this, gentlemen, is the America of today. The question which interests us, as business men, as bankers, as individual American citizens, is: What of the America of the future?

We have come together today in order that, for a few brief hours, we may meet face to face with other men interested in a common cause, seeking by joint endeavor the solution of mutual problems. We meet together in order that we may exchange experiences, form judgments, receive inspiration.

How many times, I wonder, shall we gather together in this manner and for the same purpose? How long will it be before television will supplement the radio, before it will be possible, by reason of the scientific miracles of the years just ahead of us, to sit in our offices or before our own firesides and enjoy all of the benefits of this personal contact which now requires so great an expenditure of time and energy!

A whim of fancy! An idle dream! I wonder if it is. Ten years ago the radio was hardly more than an interesting toy. I was present at President Harding's inauguration in 1921, when an amplifier was used for the first time to enable a few thousand people to hear his inaugural address. Today, in the city of London, the Prime Minister of Great Britain calls the international naval conference to order before an audience which includes listeners not only throughout the whole of Europe but throughout America, Africa, the Far East and the Islands of the South Seas. Only a few months ago television was a laboratory plaything; today a vaudeville performance has been reproduced in form and sound a hundred miles from the stage upon which the actors performed.

It is man's habit to attempt to read the future. While none may pretend to do this with absolute accuracy, yet we may be reasonably certain that the day of "big business" is not ending, but is only dawning. The spirit of consolidation will invade fields not yet touched. This is the inevitable trend of the times—inevitable because, to date, these combinations have been profitable, profitable to the stockholders, profitable to the labor employed, profitable to the people whom they have served. These great consolidations are owned by thousands, yes, hundreds of thousands of stockholders. In the years to come the list of stockholders will increase many fold and will include, to an even greater extent, their own employees and their own customers. They will be subject to control not only by their owners—their stockholders—but by those in charge of their management and by the labor which they employ. Under such conditions there will be less reason for and less possibility of disagreements between labor and capital, such as have heretofore resulted

in serious dislocation of our machinery of production. Already this tendency is plainly evident.

We shall have, in the future America, greater efficiency, greater use of machinery, and as a result, greater leisure. There is reason to believe that the six-day week may be displaced by the five-day week, as the ten and twelve hour days have been displaced by the eight-hour day. This change will come just as soon as the gains in individual productivity, made possible by new equipment and advanced methods of production, make it economically possible and advisable. This, again, will mean increased social freedom of the individual and again we shall have new desires and ambitions, a still higher standard of living.

Certainly evident is the immensity of the forces which are at work, shaping our destiny. It is not simply that all of America is welded into a single unit. The world is a single unit. Modern methods of communication and transportation, the interlocking of financial and industrial structures, have removed the barriers of other days. When we consider a business problem today, we are forced to consider it in the light of economic forces which are being loosed in every nation in every quarter of the globe—and frequently we must give heed to political and social forces, as well.

The successful business leader of tomorrow can be no haphazard product of chance or environment. He must be familiar not only with the business under his control, but also with world-wide economic forces which today affect all business. More than that, he must have a conception of business as an agency for social service, must recognize his duty to be something more than the mere accumulation of additional capital, must keep ever in mind his duty to employ the capital and labor under his control in productive channels and for productive purposes. Capital must be kept at work for men, not men at work for capital.

This is the demand which the future will make upon the business leader of tomorrow. It is merely an extension of the requirements which are being laid upon the business men of today—requirements which they are meeting creditably every day in the year.

These new responsibilities rest with peculiar weight upon the bankers of America. Theirs is a universal function, theirs an activity which is woven inextricably into the fabric of the business structure. Their efficiency or lack of efficiency accelerates or retards the progress not only of their own business, but of every business. Their decisions affect the conduct of every enterprise. Their problems

are of vital interest to every undertaking and, conversely, the problems of every business man, big and little, throughout the length and breadth of the land, are their problems. In one sense, their activity is not creative, yet few creative efforts can succeed without their co-operation. Banking may not, in itself, be either the brains or the heart of the modern business body, but certainly it constitutes the arteries through which flows the life-blood of trade and commerce, of industry and agriculture. It is an indispensable agency for the transfer of capital and labor into productive achievement.

It is particularly necessary, under these conditions and in these times, that bankers be awake to the trends of business, that they be open-minded as to the inevitable changes which are being brought about, that they be ready to adapt their methods and their policies to the needs of the modern business structure. They must exercise wisdom in discerning Error, but they must also have courage to accept and defend Truth, in order that the financial mechanism of the future may not retard unnecessarily the natural speed of progress.

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